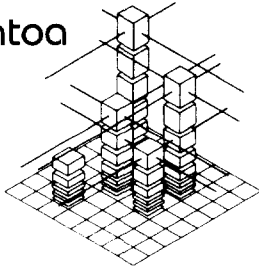


natoa



**The National Association of  
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Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

OCT 15 1993

RE: CC Docket No. 98-141

Enclosed please find Comments of the National Association of Telecommunications Officers and Advisors in the above referenced matter, in required number for circulation.

Thank you for your assistance in this matter.

Respectfully submitted,

Frederic Lee Ruck  
Executive Director  
NATOA

cc: International Transcription Service  
Chief, Policy and Program Planning Division, Common Carrier Bureau  
Chief, International Bureau  
Jeanine Poltronieri, Wireless Telecommunications Bureau  
Chief, Commercial Wireless Division

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CC Docket No. 98-141

Most communities are still awaiting effective competition from a second cable provider. In those locations of the Midwest where ANM is providing cable TV service, consumer prices offered by the cable incumbents are significantly below those of communities where ANM is not competing. While there is no guarantee that ANM will overbuild in areas where it already serves as the local exchange carrier, the potential of an ANM overbuild will likely be removed from these Midwest communities should the proposed transfer of control be approved. Absent this transfer, ANM will likely continue to acquire cable television franchises, a process which has resulted in over 100 competitive franchises.

NATOA is not only concerned about the potential of future ANM overbuilds, but the status and success of its existing cable franchises, given SBC's treatment of video properties and its current Comments and attitudes towards ANM's cable systems.

Recent actions of SBC seem to demonstrate a general lack of interest in cable operations. In the Washington, DC, area SBC has abandoned its own domestic cable operations, agreeing to sell its Montgomery County, MD, and Arlington County, VA, systems to a group including Prime.<sup>1</sup> SBC shuttered its cable system in Richardson, Texas.<sup>2</sup> Similarly, it shuttered PacTel's 8,000 subscriber overbuild operations in San Jose, California. San Jose was caught completely off guard by SBC's actions; in fact only two days before the shutdown, PacTel's executives were outlining a new two-year overbuild strategy.<sup>3</sup>

Acknowledging a likely diminution of effort, SBC's Edward Whiteacre testified before the U.S. Senate Antitrust Subcommittee that he "may pull back on Ameritech's aggressive cable strategy."<sup>4</sup> Senate Commerce Committee Chairman John McCain lamented that "we have seen the consolidations within the industries; we have seen mergers, rather than competition; and we have seen increased rates, whether they be in cable, or local, or long distance, indicating again that the Telecommunications Act of 1996, whether intended so or not, protected industries and protected everybody but the consumer."<sup>5</sup>

Some industry analysts believe SBC needs Ameritech New "in order to produce a bundled package of cable, Internet access and local and long distance telephone services that will be comparable to what AT&T will be offering as a result of the marriage with TCI." According to Mark Plakias, managing director of Strategic Telemedia, "SBC should be looking at Ameritech New Media as a convergence opportunity, and not a cable opportunity. It's got the scale now to justify a major investment in a bundled-value proposition. Getting rid of ANM would seem to take away from that."<sup>6</sup> However, the same cable analysts rated the ANM's "chances of survival as dim, at best, arguing that the notoriously bottom-line-oriented SBC will not invest capital in pursuing an overbuild strategy".

Effective competition to the cable industry has been slow in coming, despite the promises of the Telecommunications Act of 1996. ANM's success as a more legitimate and effective competitor to incumbent cable operators is due in large part because of its similarity to the cable model. Consequently, its success in penetration and erosion of an incumbent's subscriber base has forced the incumbent operator to take action in lowering churn by eliminating increases, lowering prices or other consumer benefits that are the result of *effective competition*. The Commission should recognize that these were the highly desired results of the 1996 Telecommunications Act and to negate this healthy direction of consumer benefits would be contrary to the intent and spirit of the competitive nature that Congress sought.

In summary, recognizing Ameritech New Media's success in providing competition and consumer choice in the communities in which they have overbuilt, NATOA requests that the FCC carefully examine the anticompetitive potential in the proposed transfer of control, and to take action to assure that the current and potential benefits that consumers receive via cable TV competition provided by ANM will both continue and increase.

Dated: October 13, 1998

Respectfully submitted

  
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<sup>1</sup> Several Cities Hoping Ameritech Will Stay in Video Business, *Cable World*, p. 77 (May 25, 1998); Ops Await SBC/Ameritech Fallout, *Multichannel News*, p.1 (May 18, 1998); *Warren's Cable Monitor*, p. 7 (May 18, 1998).

<sup>2</sup> Ops Await SBC/Ameritech Fallout, *Multichannel News*, p.1 (May 18, 1998).

<sup>3</sup> Several Cities Hoping Ameritech Will Stay in Video Business, *Cable World*, p. 77 (May 25, 1998); *Warren's Cable Monitor*, p. 7 (May 18, 1998).

<sup>4</sup> Merger Sparks Skepticism, Antitrust Concerns, *Cable World*, p.12 (May 25, 1998).

<sup>5</sup> Ops Await SBC/Ameritech Fallout, *Multichannel News*, p. 61 (June 1, 1998).

<sup>6</sup> Will AT&T Deal Save Americast? *Multichannel News*, p. 43 (July 27, 1998).